

**Example:** The term of this contract is one year, commencing on the date of signature. (term 2)

- a Some of the \_\_\_\_\_ used in this letter are very old-fashioned and lawyers don't really use them any more. (\_\_\_\_\_)
- b For the entire \_\_\_\_\_ of this contract the Employee shall not disclose any confidential information to any third party. (\_\_\_\_\_)
- c There is usually a \_\_\_\_\_ in most commercial contracts dealing with the jurisdiction of the contract in case of disputes. (\_\_\_\_\_)
- d When you sign a contract you agree to all of the \_\_\_\_\_ that it contains. (\_\_\_\_\_)

### Help desk

#### What do these words mean?

**third party** – someone who is not one of the two main parties involved in a contract or a particular situation.

**jurisdiction** – legal power over a geographical area or people.

**condition** – something that you have to do in order for something else to happen.

**entire** – complete or whole.

**disclose** – tell.

## READING CONTRACT LAW

### Exercise 1

You are now going to read more about contract law. The most important words are in the key vocabulary below. Decide if the statements on the next page are true or false.

#### Key vocabulary

- **contrary to**
- **contract under seal**
- **sum**
- **capacity to contract**
- **party in breach**
- **breach**
- **under duress**
- **enforceable**
- **void**
- **voluntarily**
- **injured party**
- **comply with**
- **donation**
- **consent**
- **deed**
- **discharged**

In general, businesses are free to enter into whatever contracts they agree between themselves. However, business contracts must not be **contrary to** (against) case law or Acts of Parliament such as the Unfair Contract Terms Act. If the contents of a contract, usually called the terms and conditions, do not **comply with** the law, meaning they don't follow the law correctly, then a judge will probably decide that the contract is **void**. Void means 'empty'. It is not an **enforceable** contract. It is not a contract that a court will recognise as valid.

It is a general rule that both parties to the contract must have **capacity to contract**. This means that when a person signs a contract they must be:

- old enough to **consent** (say yes) to it; and
- not mentally ill; and
- not drunk or using drugs.

It is another general rule that both parties must enter into the contract **voluntarily**. This means that they must have signed it freely and not **under duress** (pressure).