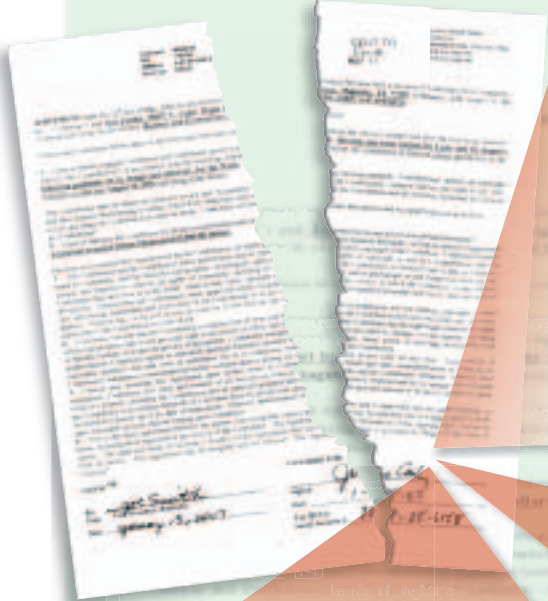


Chapter 6 How Contracts Come to an End

Figure 6.1 Involuntary Discharge of a Contract



A contract cannot be completed if the subject matter of the contract, such as a piece of property, is destroyed through no fault of the parties to the contract.




The death or illness of a party to a contract may end the contract if it required the personal service of that person.



The law will discharge a contract if the Statute of Limitations for completing the contract runs out.

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 Despite what the parties intended to do, some contracts can be ended involuntarily for the reasons shown in the figure. *For what other reasons might an contract be ended involuntarily?*

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Chapter 6 How Contracts Come to an End

Figure 6.2 Damages

Type	Description
Actual Damages	An amount of money awarded for damages directly attributable to another party's breach of contract or tort; for example, physician's fees when one party wrongly injures another, and financial losses resulting from failure to deliver goods already contracted for.
Compensatory Damages	An award of an amount of money that compensates a plaintiff for the injuries suffered and nothing more.
Consequential Damages	Damage, loss, or injury (such as loss of profits) that does not flow directly and immediately from the act of the party but only from some of the consequences or results of the act.
Incidental Damages	Reasonable expenses that indirectly result from a breach of contract. They include expenses such as those incurred in stopping delivery of goods, transporting goods, and caring for goods that have been rightfully rejected by a buyer.
Liquidated Damages	An amount of anticipated damages, agreed to by both parties and contained in a contract, to be the basis of any award in the event of a breach of the contract.
Nominal Damages	Damages awarded by a court when a successful plaintiff has proven a legal injury but no actual resulting damages; six cents by common law, usually \$1 today.
Punitive Damages	Damages in excess of losses suffered by the plaintiff awarded to the plaintiff as a measure of punishment for the defendant's wrongful act. Also called exemplary damages because they set an example of punishment awaiting other wrongdoers.
Speculative Damages	Damages not founded on fact but on the expectations that a party may have hoped for from a contract that has been breached; not allowed in any claim for money damages.

 Suing for money damages is one remedy for breach of contract. *What is the objective of awarding damages to the injured party in a contract case?*

Chapter 6 Supplemental Master Figure 6.1

Agreements Made Defective by Mistake	
Unilateral Mistake	Bilateral Mistake
1. Mistake as to the nature of the agreement. Rescission will not be granted.	1. Mistake as to possibility of performance. Rescission will be granted.
2. Mistake as to the identity of a party. Rescission may be granted.	2. Mistake as to the subject matter. Rescission will be granted.

Chapter 6 Supplemental Master Figure 6.2

Agreements Made Defective by Duress	
Element	Description
Physical Duress	Actual physical violence is used to force a person to enter a contract.
Emotional Duress	Threat of physical force is used to force a person to enter a contract.
Economic Duress	Threats to a person's business or professional reputation are used to force a party to enter a contract.

Chapter 6 Supplemental Master Figure 6.3

Elements of Undue Influence	
Element	Description
A Dependency Relationship	One party in a relationship is dependent on the other party because of ill health, old age, or mental immaturity.
Unfair or Improper Pressure	The independent person uses excessive pressure to force the dependent person to enter a contract.
A Beneficial Contract	The contract that results benefits the independent party at the expense of the dependent party.