

University of Mila Mohamed Boussouf

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BUSINESS OF LAW

Business Contracts

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1. Introduction

In the modern commercial environment, business contracts are essential instruments that govern relationships between companies, organizations, and individuals engaged in trade.

A business contract is a legally binding agreement that defines the rights and obligations of the parties involved. It provides the legal framework necessary for business transactions, ensuring stability, predictability, and trust in commercial dealings.

Without such contracts, commercial activities would be uncertain and prone to conflict.

2. Definition and Nature of Business Contracts

A business contract can be defined as a legally enforceable agreement between two or more parties conducting a business activity for profit.

Its primary purpose is to regulate business operations, determine obligations, and secure each party's interests.

Unlike civil contracts, which are often personal and non-commercial, business contracts are commercial in nature — they are typically repetitive, profit-oriented, and executed between professionals or legal entities.

3. Main Types of Business Contracts

a. Contract of Work (Contracting Agreement):

A Contract of Work is an agreement in which one party, known as the contractor, undertakes to perform a specific task or produce a result for another party, called the client, in exchange for a determined payment.

The contractor operates independently and assumes responsibility for the completion and quality of the work.

Example: A construction company agrees to build an office complex for a fixed price within a certain timeframe.

b. Management Contract

A Management Contract is an agreement where the owner of a business or property hires a specialized person or company to manage and operate the project on their behalf, usually for a fee or a share of profits.

The owner retains legal ownership, while the manager assumes responsibility for daily operations, performance, and results.

Example: A hotel owner contracts an international management company to oversee operations under a well-known brand.

c. Leasing Contract (Financial Leasing)

A Leasing Contract, also known as a financial lease, is a form of financing in which a leasing company or bank purchases an asset and rents it to the lessee for a specific period.

At the end of the lease, the lessee often has the option to purchase the asset at a reduced price.

This type of contract is common in industrial and technological sectors where companies need access to expensive equipment without immediate ownership.

Example: A manufacturing firm leases machinery from a financial institution for five years.

d. Franchise Contract (Franchising Agreement)

A Franchise Contract is an agreement through which one party, the franchisor, grants another party, the franchisee, the right to use its trademark, brand, and business model under specified conditions and for a fee or a share of revenue.

This type of contract allows the franchisor to expand its brand while giving the franchisee access to a proven business system.

Example: International chains such as “McDonald’s” or “Subway” operate under franchising agreements in different countries.

4. Importance of Business Contracts

Business contracts are fundamental for maintaining order and fairness in the marketplace. They:

- Provide legal certainty and enforceability of obligations.
- Clarify each party’s rights, duties, and responsibilities.
- Prevent disputes by establishing clear terms and conditions.
- Encourage economic growth by facilitating trust and collaboration.
- Ensure compliance with national and international commercial laws.

5. Conclusion

In conclusion, business contracts serve as the backbone of modern commercial transactions. They establish legal order, enhance economic efficiency, and protect the interests of all parties involved.

A clear understanding of the types and purposes of business contracts is crucial for entrepreneurs, managers, and legal professionals alike.

In a globalized economy, the ability to negotiate, interpret, and enforce these contracts is a vital component of successful business practice.

Glossary of Key Terms — قائمة المصطلحات الأساسية

1. Business Contract – عقد أعمال

A legally binding agreement between two or more parties engaged in commercial activity.

اتفاق قانوني ملزم بين طرفين أو أكثر يمارسون نشاطًا تجاريًا.

2. Commercial Law – القانون التجاري

The branch of law that governs business and commercial transactions.

فرع من فروع القانون ينظم المعاملات والأنشطة التجارية.

3. Contractor – المقاول

A person or company that agrees to perform specific work or provide services under a contract.

شخص أو شركة تتعهد بأداء عمل معين أو تقديم خدمة بموجب عقد.

4. Client (Employer) – صاحب العمل / الزبون

The person or organization that hires a contractor or service provider to complete a task or project.

الشخص أو الجهة التي تتعاقد مع المقاول أو مقدم الخدمة لإنجاز عمل معين.

5. Contract of Work (Contracting Agreement) – عقد المقاولة

A contract in which one party undertakes to carry out a specific job or deliver a result for another in exchange for payment.

اتفاق يتعهد فيه أحد الأطراف بإنجاز عمل محدد أو تحقيق نتيجة مقابل أجر.

6. Management Contract – عقد التسيير

An agreement where one party hires another to manage and operate its business for a fee or profit share.

عقد يتم فيه تعيين طرف لإدارة وتشغيل مشروع تجاري مقابل أجر أو نسبة من الأرباح

7. Leasing Contract (Financial Leasing) – عقد الاعتماد الإيجاري / الإيجار التمويلي

A financial agreement where a company or bank rents an asset to a client, often with the option to buy it later.

عقد تمويلي تقوم بموجبه شركة أو بنك بتأجير أصل لطرف آخر مع إمكانية تملكه لاحقاً

8. Franchise Contract (Franchising Agreement) – (عقد الامتياز التجاري) (الفرانشايز)

A legal agreement allowing one party to use another's brand name, system, and business model for profit

اتفاق قانوني يمنح بموجبه طرف حق استخدام علامة تجارية ونظام عمل مقابل رسوم أو نسبة من الأرباح

9. Franchisor – مانح الامتياز

The original company or brand owner that grants the right to use its business system.

الشركة أو صاحب العلامة التجارية الذي يمنح حقوق الامتياز التجاري للآخرين

10. Franchisee – صاحب الامتياز

The individual or company that buys the right to operate under the franchisor's brand. الشخص أو الشركة التي تحصل على حق استخدام العلامة التجارية وتشغيل النشاط باسمها

11. Obligation – الالتزام

A legal or moral duty that a party is required to fulfill under a contract.

واجب قانوني أو أخلاقي يجب على أحد الأطراف تنفيذه بموجب العقد

12. Consideration – المقابل

Something of value (money, goods, or services) exchanged between contracting parties.

شيء ذو قيمة (مال، سلع، أو خدمات) يُقدّم بين أطراف العقد

13. Legal Capacity – الأهلية القانونية

The ability of a person or entity to enter into a binding legal contract

القدرة القانونية للشخص أو المؤسسة على إبرام عقد ملزم

14. Breach of Contract – إخلال بالعقد / خرق العقد

Failure to perform an obligation or term of the contract without legal justification.

عدم تنفيذ أحد شروط العقد أو الالتزامات دون مبرر قانوني

15. Enforcement – تنفيذ العقد

The legal process of ensuring that contract terms are honored or compensated if breached.

الإجراء القانوني لضمان تنفيذ بنود العقد أو التعويض عند الإخلال بها.