Lesson 4: Remedies for Breach of Contract

1. Introduction

When a contract is breached, the law does not only define the violation—it provides **remedies** (legal solutions) to restore balance between the parties.

Key idea: A remedy aims either to compensate the injured party or enforce the agreement.

2. Types of Remedies

A. Damages (Financial Compensation): Damages are the most common remedy.

- **Compensatory damages** → Cover actual loss suffered (تعويض يعوض الخسارة الحقيقية)
- **Consequential damages** → Indirect losses resulting from the breach (أضرار غير مباشرة)
- **Liquidated damages** → Pre-agreed amount written in the contract (تعويض متفق عليه مسبقًا داخل العقد)
- **Nominal damages** → Small sum when there is breach but no real loss

Example: If a supplier fails to deliver goods, the buyer may claim the cost of replacement.

B. Specific Performance: A court order requiring the party to **perform the contract**.

- Used when damages are insufficient
- Common in:
  - Real estate contracts
  - Unique goods

C. Rescission: Cancellation of the contract.

- Both parties return what they received
- Used in cases of:
  - Misrepresentation
  - Fraud
  - Mistake

D. Injunction A court order to **stop someone from doing something**.

Example: Preventing disclosure of confidential information.

3. Factors Affecting Remedies

- Foreseeability of damage
- Causation (link between breach and damage)
- Duty to mitigate loss (واجب تقليل الضرر)

4. Practical Case Analysis

Case:
A company agrees to deliver machinery but delays delivery.

Questions:

- What type of breach occurred?
- What remedy is most appropriate?
- Can the buyer claim consequential damages?