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## **Breach of Contract Explained**

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If a party to a contract fails to fulfill its obligations as set forth in the contract then the other party may be entitled to damages. However, the amount of damages which may be recovered is dependent upon how fundamental the breach was to the essence of the parties' contractual agreement.

### **Minor Breaches of Contract**

When a party fails to follow the literal terms of the contract but the effect of the deviation from the contract is not materially significant to the agreement, then a minor breach of contract has occurred. The case which is often used to illustrate the concept of a minor breach of a contract is *Jacob & Youngs v. Kent*. In that 1921 New York case, a contractor was hired to install specific pipes. The contractor installed pipes but they were a different kind than that specified in the contract. However, the actual pipes installed were substantially the same as those described in the contract and of the same quality. Therefore, the court found that the contractor's breach of the contract was minor and that the defendant did not have to redo the work to conform to the exact terms of the contract. Instead, the plaintiff's remedy was limited to the monetary damages suffered by the defendant's breach of contract which, in the *Jacob & Youngs v. Kent* case, was nothing.

### **Material Breaches of Contract**

Unlike a minor breach of contract, a material breach of contract happens when one party significantly deviates from the terms of the contract to the detriment of the other party. If for example, an electrician failed to install electrical lines that were up to code as required by his contract with a homeowner then the electrician likely breached their contract. The homeowner could sue the electrician for a material breach of contract and be entitled to monetary damages or specific performance on the part of the electrician who would need to redo his work to comply with the original contract.

Contracts are made to be honored and they entitle parties to certain rights. Therefore, if the terms of the contract are violated, the parties may be entitled to monetary damages or to compel the specific performance of another party. Without the promise of damages in these situations, contracts would be meaningless in our society. It is always of the upmost importance to seek competent advice before entering into a contractual relationship and to have your agreements drafted by a professional. Never just assume a document will protect your interests, and never just copy and paste one from off of the internet.

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